

**U.S. Department of the Interior
Bureau of Land Management
Royal Gorge Field Office
3028 E. Main Street
Canon City, CO 81212**

CATEGORICAL EXCLUSION

NUMBER: DOI-BLM-CO-F02-2014-0007 CX

CASEFILE/PROJECT NUMBER (optional): Lease # COC 52545

PROJECT NAME: Kunzman Federal 13C-8HZ APD

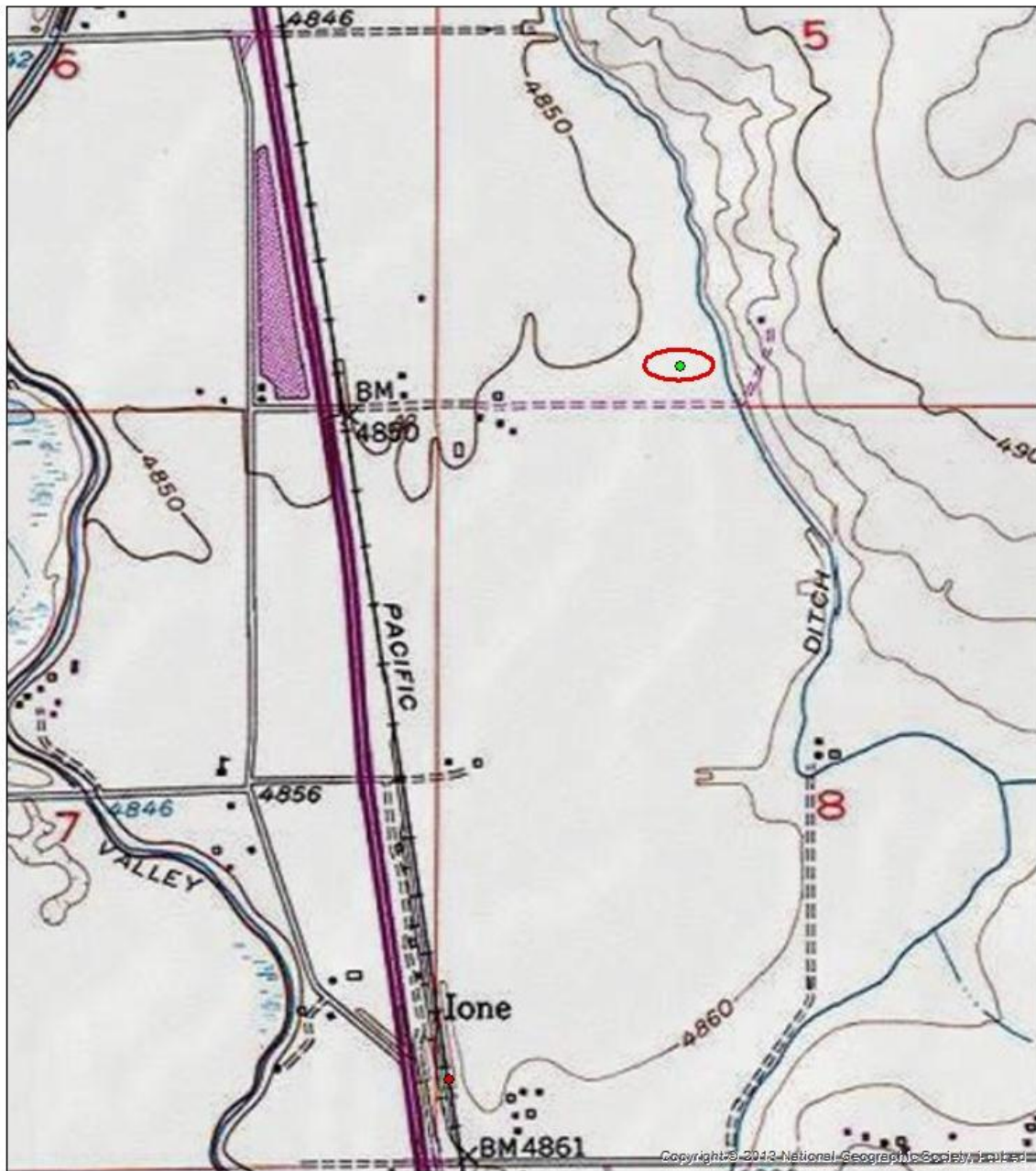
PLANNING UNIT: North East

LEGAL DESCRIPTION: T 2N R 66W S5 6th PM, (Weld County)

APPLICANT: Kerr McGee

DESCRIPTION OF PROPOSED ACTION The proposed action is to approve an Application for Permit to Drill, for Anadarko (Kerr McGee). The project takes place on fee (privately owned) surface over fee (privately owned) minerals, on a well pad that was previously constructed. The pad contains 3 existing fee (private) wells, in addition to the Kunzman Federal 13C-8HZ fee/fee/fed well, which have approved state APDs, and were drilled within the last year. There will be no new surface disturbance associated with this project, as all infrastructure, roads and pad are already in place.

Although BLM requires operators to obtain an approved APD before drilling into federal minerals with the intent to produce them, the Kunzman Federal 13C-8HZ well has already been drilled. This is a horizontal well that originated on a fee surface over fee minerals, approximately 1300' of its total 12,371' wellbore wandered into BLM mineral estate under a railroad right of way, which is leased by the operator. Although the well has been drilled, it has not yet been completed. If the APD is approved, the operator will be permitted to complete the entire length of the production zone of the well bore, enabling them to develop the federal minerals, along with the fee minerals. If the APD is not approved, then the operator will not be permitted to complete the portion of the well that penetrates the BLM minerals, the federal minerals will not be developed. The portion of the well bore in the fee mineral estate will still be completed, which will result in the development of the fee minerals, and possibly drainage of some nearby federal minerals, potentially resulting in a loss of royalty to the federal government.



PROJECT MAP OF KUNZMAN FEDERAL 13C-8HZ

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6th PM, T2N R66W

- Location of Pad (existing)
- Bottom Hole Location
- Surface Location of Well

0 0.05 0.1 0.2 0.3 0.4 Miles



NOTE TO MAP USERS
No warrantee is made by the Bureau of Land Management as to the accuracy, reliability, or completeness of the data layers shown on this map. The official land records of the data providers should be checked or current status on any specific tract of land.

PLAN CONFORMANCE REVIEW : The Proposed Action is subject to and has been reviewed for conformance with the following plan (43 CFR 1610.5, BLM 1617.3):

Name of Plan : Northeast Resource Area Plan and Record of Decision as amended by the Colorado Oil and Gas Final EIS and Record of Decision (RD)

Date Approved: 09/16/86 amended 12/06/91

Decision Number: O&G Resources, Issue 21

Decision Language: “These 210,410 acres of surface and subsurface may be leased and developed for oil and gas with the standard stipulations included in the leases and standard site-specific stipulations included in any use authorization.”

CATEGORICAL EXCLUSION REVIEW: This proposed action is listed as a Categorical Exclusion in Energy Policy Act of 2005 Section 390 (2). None of the following exceptions in 516 DM 2, Appendix 2, apply.

Exclusion Criteria	YES	NO
1. Have significant impacts on public health or safety.		x
2. Have significant impacts on such natural resources and unique geographic characteristics as historic or cultural resources; park, recreation, or refuge lands; wilderness areas; lands with wilderness characteristics; wild or scenic rivers; national natural landmarks; sole or principal drinking water aquifers; prime farmlands; wetlands; floodplains; national monuments; migratory birds; and other ecologically significant or critical areas.		x
3. Have highly controversial environmental effects or involve unresolved conflicts concerning alternative uses of available resources.		x
4. Have highly uncertain and potentially significant environmental effects or involve unique or unknown environmental risks.		x
5. Establish a precedent for future action or represent a decision in principle about future actions with potentially significant environmental effects.		x
6. Have a direct relationship to other actions with individually insignificant but cumulatively significant environmental effects.		x
7. Have significant impacts on properties listed, or eligible for listing, on the National Register of Historic Places as determined by either the bureau or office.		x
8. Have significant impacts on species listed, or proposed to be listed, on the List of Endangered or Threatened Species, or have significant impacts on designated Critical Habitat for these species.		x
9. Violate a Federal law, or a State, local or tribal law or requirement imposed for the protection of the environment.		x
10. Have a disproportionately high and adverse effect on low income or minority populations.		x

11. Limit access to and ceremonial use of Indian sacred sites on Federal lands by Indian religious practitioners or significantly adversely affect the physical integrity of such sacred sites.		x
12. Contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area or actions that may promote the introduction, growth, or expansion of the range of such species.		x

INTERDISCIPLINARY TEAM REVIEW			
NAME	TITLE	AREA OF RESPONSIBILITY	Initials/date
Matt Rustand	Wildlife Biologist	Terrestrial Wildlife, T&E, Migratory Birds	MR, 11/8/2013
John Lamman	Range Management Spec.	Range, Vegetation, Farmland, Weeds	JL, 11/19/2013
Dave Gilbert	Fisheries Biologist	Aquatic Wildlife, Riparian/Wetlands	DG, 11/8/13
Melissa Smeins	Geologist	Minerals, Paleontology	MJS, 11/27/2013
John Smeins	Hydrologist	Hydrology, Water Quality/Rights, Soils	JS, 11/8/13
Ty Webb	Prescribed Fire Specialist	Air Quality	FC, 12/11/13
Jeff Covington	Cadastral Surveyor	Cadastral Survey	JC, 12/9/2013
Kalem Lenard	Outdoor Recreation Planner	Recreation, Wilderness, LWCs, Visual, ACEC, W&S Rivers,	KL, 11/8/2013
Ken Reed	Forester	Forestry	AR, 11/19/13
Martin Weimer	NEPA Coordinator	Environmental Justice, Noise, SocioEconomics	mw, 12/16/13
Monica Weimer	Archaeologist	Cultural, Native American	MMW, 11/19/13
Steve Craddock	Realty Specialist	Realty	NA
Steve Cunningham	Law Enforcement Ranger	Law Enforcement	NA
Bob Hurley	Fire Management Officer	Fire	NA

REMARKS:

Cultural Resources: Pursuant to BLM IM 2009-078, "Processing Oil and Gas Applications for Permit to Drill for Directional Drilling into Federal Mineral Estate", cultural resources inventories are not necessarily required unless the act of drilling, completing, and/or operating a Federal well has the potential to impact a historic property. Because it was determined that a cultural resources inventory was not necessary pursuant to "Situation 1", only a literature review was conducted [see Report CR-RG-14-66 (L)]. Only a single, non-eligible site is located near the APE (5WL1038), and will not be impacted by the undertaking in any case.

Native American Religious Concerns: In August 2013, BLM conducted a consultation (Project CR-RG-13-43 NA) with the following tribes: Apache Tribe of Oklahoma, Cheyenne and Arapaho Tribes of Oklahoma, Cheyenne River Sioux Tribe, Comanche Tribe of Oklahoma, Crow Creek Sioux, Eastern Shoshone, Jicarilla Apache Nation, Kiowa Tribe of Oklahoma, Northern Arapaho Tribe, Northern Cheyenne Tribe, the Ute Tribe, Oglala Sioux Tribe, Pawnee Tribe, Rosebud Sioux Tribe, Southern Ute Tribe, Standing Rock Lakota Tribe, and the Ute Mountain Ute Tribe. No properties of traditional religious and cultural significance in Weld County were identified by the tribes. Therefore, no direct or indirect impacts to properties of concern to the tribes are anticipated.

Threatened and Endangered Species: There are no records of any federally listed or BLM sensitive species within or near the project area. The Proposed Action will not result in impacts to TES species.

Migratory Birds: To be in compliance with the Migratory Bird Treaty Act (MBTA) and the Memorandum of Understanding between BLM and USFWS required by Executive Order 13186, BLM must avoid actions, where possible, that result in a “take” of migratory birds. Pursuant to BLM Instruction Memorandum 2008-050, to reduce impacts to Birds of Conservation Concern (BCC), no habitat disturbance (removal of vegetation such as timber, brush, or grass) is allowed during the periods of May 15 - July 15, the breeding and brood rearing season for most Colorado migratory birds. The provision will not apply to completion activities in disturbed areas that were initiated prior to May 15 and continue into the 60-day period.

An exception to this timing limitation will be granted if nesting surveys conducted no more than one week prior to vegetation-disturbing activities indicate no nesting within 30 meters (100 feet) of the area to be disturbed. Surveys shall be conducted by a qualified breeding bird surveyor between sunrise and 10:00 a.m. under favorable conditions.

Minerals: The drilling plan for this proposal will be reviewed at the APD stage to ensure compliance with BLM regulations, including BLM onshore order #2 requires that the casing and cementing programs shall protect and/or isolate all useable water zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable minerals.

Wastes, Hazardous or Solid: Protective/Mitigation Measures: The following mitigation will assist in reducing potential spills resulting in groundwater and/or soil contamination:

- All Above Ground Storage Tanks will need to have secondary containment and constructed in accordance with standard industry practices or an associated Spill Prevention Control and Countermeasures plan in accordance with State regulations (if applicable).
- If drums are used, secondary containment constructed in accordance with standard industry practices or governing regulations is required. Storage and labeling of drums should be in accordance with recommendations on associated MSDS sheets, to account for chemical characteristics and compatibility.
- Appropriate level of spill kits need to be onsite and in vehicles.
- All spill reporting needs to follow the reporting requirements outlined in NTL-3A.
- No treatment or disposal of wastes on site is allowed.

- All concrete washout water needs to be contained and properly disposed of at a permitted offsite disposal facility.
- If pits are utilized they need to be lined to mitigate leaching of liquids to the subsurface, as necessary.

Air Quality: The BLM CSO Air Quality division developed an air pollutant emissions inventory for the project using oil and gas data / information representative of development and operations in the vicinity of the project area. The project is located in the Denver-Boulder-Greeley-Fort Collins ozone nonattainment area, and therefore the project emissions are compared to applicable emissions thresholds under the General Conformity Rule. The project related emissions are less than the conformity thresholds for a worst-case year (includes well construction / development and full year of production related emissions), and accordingly, the project conforms to the Denver region ozone State Implementation Plan (SIP).

In addition to federal and State requirements, the following BLM requirements will apply to minimize air quality impacts due to the project:

- COA - all drill rigs, fracking and completion related engines will be required to meet EPA Non-Road Tier II Emissions Standards (or cleaner) for all well development operations.
- COA – applicant will apply water or dust-suppressant to unpaved surfaces likely to be disturbed (roads and well pad) to achieve at least 50% dust control during construction / well development (drilling/fracking/completion, etc.) phase.
- COA - green completion will be implemented for all well developments.
- COA - VOC emissions controls achieving at least 90% control efficiency will be applied to all storage tanks.
- COA – the applicant is required to operate low-bleed pneumatic devices only for the project well.
- The applicant will minimize natural gas venting during well blow-downs or maintenance or re-working of a project well.

COMPLIANCE PLAN (optional):

NAME OF PREPARER: Aaron Richter

SUPERVISORY REVIEW: Jay Raiford

NAME OF ENVIRONMENTAL COORDINATOR: /s/ Martin Weimer

DATE: 12/16/13

DECISION AND RATIONALE: I have reviewed this Categorical Exclusion and have decided to implement the Proposed Action.

This action is listed in the Department Manual as an action that may be categorically excluded. I have evaluated the action relative to the 10 criteria listed above and have determined that it does

not represent an exception and is, therefore, categorically excluded from further environmental analysis.

SIGNATURE OF AUTHORIZED OFFICIAL:

/s/ Keith E. Berger
Keith E. Berger, Field Manager

DATE SIGNED: 12/16/13